

OPTION 3: REFERRAL TO OAHP

Eligibility Option 3:

- A. FHA-insured projects that have rents that are above market, and are not “exception projects” **are to be** referred to the Office of Affordable Housing Preservation (OAHP), formerly known as OMHAR. **OAHP is anticipated to sunset September 30, 2006.**

“Exception projects”, as well as Section 542(c) Risk Sharing projects are ineligible for OAHP, and, therefore, will **not** be sent to OAHP for renewal.

- B. Project owners who are suspended or debarred and who refuse to sell their properties are ineligible for OAHP Fulls. However, they remain eligible for Lites.

Based on the results of the Rent Comparability Study (RCS), the contract will be handled on a case-by-case basis.

Entry into OMHAR:

- A. Properties with rents that are above market can request either:
1. A renewal of the HAP Contract without debt restructuring but with the rents marked down to market (Lite), or
 2. A renewal of the HAP Contract with debt restructuring and with the rents marked down to market (Full).

Submission Requirements:

Lites:

1. Contract renewal request form (Attachment 3A-2), pages 1, 2, and 8
2. A physical inspection report, if available, and
3. The most recent audited financial statements.

Fulls:

1. Contract renewal request form (Attachment 3A-2), pages 1, 2, and 8.

Short Term Renewals Under Option 3:

OAHP Lites:

A short term HAP Contract may be renewed for 6-months at current rents to cover the time needed to process the rents decrease to market rent levels.

OAHP Fulls:

A short term HAP Contract may be renewed for 12-months at current rents to cover the time needed to process the debt restructuring and rents decrease down to market rents.

Rent Increases Permitted Under OHMAR:

If OAHP permits a rent increase, generally it's an OCAF adjustment. In such applicable cases, owners are required to give the tenants notice 30 days prior to submitting the rent increase request to MFHA. The following should be submitted: a statement or cover letter describing how the Notice to Tenants was distributed; a copy of the Notice to Tenants; tenant comments and owner responses, if applicable; The Owner's Certification as to Compliance with the Tenant Comment Procedures form (The Owner's Certification as to Compliance with the Tenant Comment Procedures cannot be executed before the notice has been posted for 30 days).

Please note: MHFA does not intend this to be an all-inclusive list of federal requirements. Please review the Section 8 Contract Renewal Policy Handbook to gain a full understanding of all requirements.